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SUMMIT ASCENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 102)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The board of directors (the "Board") of Summit Ascent Holdings Limited (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2016 as follows:

HIGHLIGHTS

- 2016 saw the first full calendar year of operations of Tigre de Cristal, our majority-owned integrated resort in the Russian Far East.
- Oriental Regent Limited, through which Tigre de Cristal is operated, generated an Adjusted EBITDA of approximately HK$132 million or approximately US$17 million for the full year in 2016 (1H2016: HK$35 million).
- Net profit attributable to owners of the Company for the year, after deduction of depreciation, amortisation, various notional accounting expenses and non-controlling interests, amounts to HK$559,000 (FY2015: Loss of HK$85.4 million).
- The main contribution to the profitability of Tigre de Cristal comes from the rolling chip business, which targets VIP customers from Northeast Asia.
- Rolling chip turnover at Tigre de Cristal rose from approximately HK$3.5 billion in 1H2016 to approximately HK$10.6 billion in 2H2016.
- Management remains optimistic about the prospects of further ramp-up of the business in light of the recent announcement by the Primorsky Government that a much simplified visa regime will be implemented in the summer of 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTES	**2016** **HK$'000**	2015 *HK$'000* (Restated)
Continuing operations			
Revenue from gaming and hotel operations	5	**323,286**	–
Other income	6	**20,080**	43,464
Gaming tax and special levies		**(10,331)**	–
Inventories consumed		**(8,258)**	–
Marketing and promotion expenses		**(16,883)**	–
Employee benefits expenses		**(119,013)**	(47,149)
Depreciation and amortisation		**(86,916)**	(140)
Other expenses and losses	8	**(80,506)**	(10,654)
Gain on deemed disposal of interest in a joint venture	18(i)	**20,180**	–
Finance costs	9	**(32,532)**	–
Share of losses of joint ventures		**(17,070)**	(68,727)
Loss before taxation		**(7,963)**	(83,206)
Income tax expense	10	**–**	–
Loss for the year from continuing operations	11	**(7,963)**	(83,206)
Discontinued operations			
Profit (loss) for the year from discontinued operations	12	**2,607**	(2,159)
Loss for the year		**(5,356)**	(85,365)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Share of exchange differences of a joint venture, which may be reclassified subsequently to profit or loss		**–**	(157,298)
Reclassification adjustment of translation reserve upon deemed disposal of interest in a joint venture		**342,284**	–
Total comprehensive income (expense) for the year		**336,928**	(242,663)

	NOTE	2016 HK$'000	2015 HK$'000 (Restated)
(Loss) profit for the year attributable to owners of the Company			
– from continuing operations		**(2,048)**	(83,206)
– from discontinued operations		**2,607**	(2,159)
Profit (loss) for the year attributable to owners of the Company		**559**	(85,365)
Loss for the year attributable to non-controlling interests			
– from continuing operations		**(5,915)**	–
– from discontinued operations		**–**	–
Loss for the year attributable to non-controlling interests		**(5,915)**	–
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**342,843**	(242,633)
Non-controlling interests		**(5,915)**	–
		336,928	(242,663)
		HK cent	*HK cents* (Restated)
Earnings (loss) per share	14		
From continuing and discontinued operations			
Basis		**0.04**	(5.79)
Diluted		**0.04**	(5.79)
From continuing operations			
Basis		**(0.14)**	(5.64)
Diluted		**(0.14)**	(5.64)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	NOTES	**2016** **HK$'000**	2015 *HK$'000*
Non-current assets			
Property, operating right and equipment		**1,658,383**	280
Long-term prepayments		**13,533**	–
Goodwill	18	**8,525**	–
Intangible assets		**168**	–
Interests in joint ventures	15&18	**613**	324,404
Loans to joint ventures	15&18	**1,572**	385,049
		1,682,794	709,733
Current assets			
Inventories		**4,462**	17
Trade and other receivables	16	**27,999**	1,443
Amounts due from joint ventures		**–**	2,241
Bank balances and cash		**335,138**	130,276
		367,599	133,977
Current liabilities			
Trade and other payables	17	**71,838**	5,467
Amount due to a related party		**4,156**	–
Obligations under finance leases – due within one year		**1,516**	–
		77,510	5,467
Net current assets		**290,089**	128,510
Total assets less current liabilities		**1,972,883**	838,243
Non-current liabilities			
Loans from non-controlling shareholders of a subsidiary		**286,240**	–
Provision for value-added tax arrangements		**54,932**	–
Obligations under finance leases – due after one year		**800**	–
		341,972	–
Net assets		**1,630,911**	838,243

	2016	2015
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**37,150**	37,137
Reserves	**1,158,918**	801,106
Equity attributable to owners of the Company	**1,196,068**	838,243
Non-controlling interests	**434,843**	–
Total equity	**1,630,911**	838,243

1. GENERAL

Summit Ascent Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. The principal activities of the Company and its subsidiaries (the "Group") are the operation of hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region in the Russian Federation. The Group was also engaged in the trading of tiles and engineering operations products which was discontinued in the current year (see note 12).

The consolidated financial statements are presented in Hong Kong dollar ("HK$") which is also the functional currency of the Company. The functional currency of G1 Entertainment Limited Liability Company ("G1 Entertainment"), a principal subsidiary of the Group, and engaged in the gaming and hotel operations in the Russian Federation is in HK$. This is based on the fact that the currency that mainly influences its gaming revenue is HK$.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instrument[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

[1] Effective for annual periods beginning on or after 1 January 2018.

[2] Effective for annual periods beginning on or after 1 January 2019.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for annual periods beginning on or after 1 January 2017.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2016, the directors of the Company (the "Directors") anticipate that the application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported as the timing of revenue recognition may be affected/and the amounts of revenue recognised are subject to variable consideration constraints, and more disclosures relating to revenue is required. Furthermore, the Directors consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18; however, the allocation of total consideration to the respective performance obligations will be based on relative fair values which will potentially affect the timing and amounts of revenue recognition. It is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Directors perform a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of HK$9,394,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors complete a detailed review.

Amendments to HKAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

Except as described above, the Directors do not expect the application of the new and amendments to HKFRSs in issue by not yet effective in the current year will have material impact on the Group's financial performance and positions and/or on the disclosures set out in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of identifiable assets and liabilities acquired through business combinations

The Group applies the purchase method to account for business combinations, which requires the Group to record assets acquired and liabilities assumed at their fair values on the date of acquisition. Significant judgment is used to estimate the fair values of the assets and liabilities acquired, including estimating future cash flows from the acquired business, determining appropriate discount rates, asset lives and other assumptions.

The deemed acquisition of Oriental Regent Limited ("Oriental Regent") for the current year is accounted for as business combination and details of the fair value of the assets acquired and liabilities recognised at the date of deemed acquisition are set out in note 18.

Estimated impairment of trade and other receivables

When there is an objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition, where applicable). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2016, the carrying amount of the Group's trade and other receivables is HK$27,999,000 (2015: HK$1,443,000), with HK$1,889,000 (2015: Nil) allowance for other receivables, deposits and prepayments.

Useful lives, amortisation and depreciation and impairment of property, operating right and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, operating right and equipment. This estimate is based on the historical experience of the actual useful lives of property, operating right and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are expected to be shorter than previously estimated, or it will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold. The property of the Group mainly comprises a hotel and entertainment complex, which is situated on land plots under a medium-term lease in the Russian Federation with a lease term of 14 years. Taking into account the Russian legislation and legal advise, the management expected that the lease terms could be renewed upon expiry of the relevant lease or the land plots could be acquired by the Group at a minimal consideration if the land lease is not extended, to match with the estimated useful life of the buildings of 30 years.

Determining whether certain property, operating right and equipment is impaired requires an estimation of the recoverable amount which is the higher of value in use and fair value less cost of disposal. For the Group's long-lived assets, recoverable amount at reporting date is determined based on value in use of those property, operating right and equipment. The value in use calculation requires the Group to estimate the future cash flows expected to arise from respective property, operating right and equipment and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected due to unfavourable changes in the major assumptions adopted in the Group's estimation, a material impairment loss may arise.

As at 31 December 2016, the carrying amount of property, operating right and equipment was HK$1,658,383,000 (31 December 2015: HK$280,000), net of accumulated depreciation and amortisation of HK$87,027,000 (31 December 2015: HK$213,000). No impairment on property, operating right and equipment was recognised for both years ended 31 December 2016 and 2015.

5. REVENUE FROM GAMING AND HOTEL OPERATIONS

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Revenue from gaming and hotel operations:		
– Gaming operations	**299,558**	–
– Hotel operations	**23,728**	–
	323,286	–

6. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Bank interest income	**948**	725
Imputed interest income from loans to joint ventures	**12,765**	40,769
Management fee income	**2,578**	1,963
Others	**3,789**	7
	20,080	43,464

7. SEGMENT INFORMATION

The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Company's Executive Director, being the chief operating decision maker, for the purpose of allocating resources to segments and assessing their performance.

The Group's operating and reportable segments in prior financial period under HKFRS 8 *Operating Segments* were as follows:

(a) Trading of tiles and engineering operations products.

(b) Gaming and hotel operations.

After the disposal of the subsidiaries as described in note 12, the trading of tiles and engineering operations products business was discontinued.

The Group thereafter operates only in the gaming and hotel operations. Single management report for the gaming and hotel business is reviewed by the Company's Executive Director who allocates resources and assesses performance based on the consolidated financial information for the entire business. Accordingly, the Group does not present separate segment information other than entity-wide disclosures.

During the current year, all revenue from the continuing operations is derived from customers patronising in the Group's property located in the Russian Federation.

8. OTHER EXPENSES AND LOSSES

	2016 *HK$'000*	2015 *HK$'000*
Security expenses	**10,657**	–
Overseas travel expenses	**7,370**	1,996
Utilities and fuel	**4,903**	33
Travel agency expenses	**6,176**	–
Repair and maintenance expenses	**5,769**	52
Others	**45,631**	8,573
	80,506	10,654

9. FINANCE COSTS

	2016 *HK$'000*	2015 *HK$'000*
Imputed interest on payables	**1,321**	–
Imputed interest on loan from non-controlling shareholders of a subsidiary	**22,079**	–
Imputed interest on value-added tax ("VAT") arrangements	**8,500**	–
Interest on obligations under finance leases	**632**	–
	32,532	–

10. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Russian corporation tax is calculated at a rate of 20% of the estimated assessable profit of the Group's non-gaming activities for the year. No Russian corporation tax is levied on the Group's gaming activities in the Russian Federation in accordance with Russian legislation and no Russian corporation tax has been made as the Group has no assessable profit from its non-gaming activities for the year.

Russian tax, currency and customs legislation are subject to varying interpretation and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant regional and federal authorities, in particular, the way of accounting for tax purposes of some income and expenses of the Group as well as deductibility of input VAT from suppliers and contractors. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. As a result, significant additional taxes, penalties and interest may arise. Fiscal periods remain open to be reviewed by the authorities in respect of taxes are three calendar years preceding the year of review. Under certain circumstances such review may cover longer periods.

11. LOSS FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Loss for the year from continuing operations has been arrived at after charging (crediting):		
Directors' remunerations	**812**	636
Share-based compensation benefits to directors	**12,602**	33,633
Salaries, wages, bonus and other benefits, excluding directors	**86,567**	6,334
Contributions to retirement benefits schemes, excluding directors	**17,635**	153
Share-based compensation benefits, excluding directors and consultants	**1,397**	6,393
Total employee benefits expenses (including directors' emoluments)	**119,013**	47,149
Amortisation of intangible assets	**38**	–
Auditor's remuneration	**3,128**	820
Depreciation of property, operating right and equipment	**86,878**	140
Exchange gains, net	**(2,900)**	(8)
Impairment losses recognised on other receivables	**1,889**	–
Loss on disposal of property, operating right and equipment	**1,654**	–
Minimum lease payments under operating leases	**1,893**	1,700
Share-based compensation benefits to consultants	**787**	3,056

12. DISCONTINUED OPERATIONS

On 14 March 2016, the Company entered into a sale and purchase agreement (the "Sale and Purchase Agreement") pursuant to which the Company has conditionally agreed to dispose of the entire equity interest in Easy Market Trading Limited ("Easy Market") for a cash consideration of HK$200,000 (the "Disposal"). Completion of the sale of Easy Market under the Sale and Purchase Agreement took place on 14 March 2016 on which date control of Easy Market was passed to the acquirer. Easy Market is the owner of the entire issued share capital of Arnhold Trading Limited ("Arnhold Trading") which carried out majority of the Group's trading of tiles and engineering operations products business. After the completion of the Disposal, Easy Market and Arnhold Trading ceased to be subsidiaries of the Company and the assets, liabilities and financial results of Easy Market and Arnhold Trading are no longer consolidated in the consolidated financial statements of the Group. Details of the Disposal of the trading of tiles and engineering operations products business are set out in the announcement of the Company dated 14 March 2016.

The results from the discontinued trading of tiles and engineering operations products business for the current and preceding years are analysed as follows. The comparable figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the trading of tiles and engineering operations products business as discontinued operations.

	2016	2015
	HK$'000	*HK$'000*
Loss of trading of tiles and engineering operations products business for the year	**(4)**	(2,159)
Gain on disposal of trading of tiles and engineering operations products business	**2,611**	–
	2,607	(2,159)

Analysis of loss for the year from discontinued operations

The results of the discontinued operations for the period from 1 January 2016 to 14 March 2016, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	From 1 January to 14 March 2016	Year ended 31 December 2015
	HK$'000	*HK$'000*
Revenue	**29**	18,832
Changes in inventories	**(22)**	(18,524)
Employee benefits expenses	**–**	(1,616)
Operating lease rental expense	**–**	(657)
Other expenses	**(11)**	(194)
Loss before taxation	**(4)**	(2,159)
Income tax	**–**	–
Loss for the period/year from discontinued operations	**(4)**	(2,159)

Loss for the year from discontinued operations include the following:

	From 1 January to 14 March 2016	Year ended 31 December 2015
	HK$'000	*HK$'000*
Salaries, wages, bonus and other benefits	**–**	1,541
Contributions to retirement benefits schemes	**–**	75
Total employee benefits expenses	**–**	1,616
Cost of inventories recognised as expenses	**22**	18,524
Write-back of provision of stock obsolescence	**–**	(11)

No tax charge or credit arose from loss on discontinuance of the operations.

The net liabilities of Easy Market at the date of disposal were as follows:

	HK$'000
Net liabilities disposed of	(579)
Waiver of the net amount due from the Group	(1,832)
	(2,411)
Gain on disposal	2,611
Total cash consideration	200

Net cash inflow arising on disposal:

Total cash consideration received	200
Bank balances and cash disposed of	(10)
	190

Cash flows from Easy Market:

	From 1 January to 14 March 2016 *HKD'000*	Year ended 31 December 2015 *HKD'000*
Net cash flows from operating activities	**(8)**	(972)
Net cash flows from financing activities	**–**	82
Net cash flows	**(8)**	(890)

13. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2016 and 2015, nor has any dividend been proposed since the end of the reporting period.

14. EARNINGS (LOSS) PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	2016 *HK$'000*	2015 *HK$'000*
Profit (loss) for the purposes of basic and diluted earnings (loss) per share	**559**	(85,365)

	Number of shares *(in thousands)*	
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	**1,485,632**	1,474,952
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**5,860**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**1,491,492**	1,474,952

The computation of diluted loss per share for the year ended 31 December 2015 did not assume exercise of share options since their exercise would result in a decrease in loss per share.

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2016 *HK$'000*	2015 *HK$'000* (Restated)
Profit (loss) for the year attributable to owners of the Company	**559**	(85,365)
Less: (Profit) loss for the year from discontinued operations	**(2,607)**	2,159
Loss for the purpose of basic and diluted loss per share from continuing operations	**(2,048)**	(83,206)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operations

For the year ended 31 December 2016, basic and diluted earnings per share for the discontinued operations is HK0.18 cent per share (2015: loss of HK0.15 cent per share), based on the profit for the year from discontinued operations attributable to owners of the Company of approximately HK$2,607,000 (2015: loss of HK$2,159,000) and the denominators detailed above for both basic and diluted earnings (loss) per share.

15. INTERESTS IN JOINT VENTURES

Details of the Group's interests in and related loans to joint ventures are as follows:

	2016 *HK$'000*	2015 *HK$'000*
Cost of unlisted investment in joint ventures	**5**	418,546
Share of post-acquisition losses and other comprehensive expenses	**(737)**	(412,700)
Deemed capital contribution	**1,345**	318,558
	613	324,404
Loans to joint ventures	**1,572**	385,049

On 14 April 2016, the Investment Agreement (as defined in note 18) of Oriental Regent, previously a joint venture of the Group, was amended. Oriental Regent together with its wholly-owned subsidiary, G1 Entertainment, are engaged in the gaming and hotel operations. As a result of the amendments to the Investment Agreement and the additional rights to appoint two extra directors to the board of Oriental Regent by the Group, the Group has obtained control of Oriental Regent which has become a subsidiary of the Group. Please refer to note 18 for details of the acquisition.

As at 31 December 2016, the Group had an interest in the following joint venture:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2016	**2015**	**2016**	**2015**	
Oriental Winner Limited ("Oriental Winner")	Hong Kong	Hong Kong	**50%**	50%	**50%**	50%	Travel and travel related business

Information of a joint venture that is not material.

Oriental Winner

	2016 *HK$'000*	7.7.2015 (date of incorporation) to 31.12.2015 *HK$'000*
The Group's share of loss and total comprehensive expense for the year	**(272)**	(465)

16. TRADE AND OTHER RECEIVABLES

	2016 *HK$'000*	2015 *HK$'000*
Trade receivables	**17,208**	27
Prepayments to services providers	**11**	–
Customs' deposit for import purchase	**165**	–
Other receivables, deposits and prepayments	**10,615**	1,416
	27,999	1,443

Trade receivables for the current year mainly represent outstanding amounts pending settlements by patrons which are repayable within 10 days after each trip. The Group extends short-term temporary credit to approved patrons following background checks and credit risk assessments of these patrons. The amount has been fully settled subsequent to the end of the reporting period.

In prior year, the Group allowed an average credit period of 30 to 90 days to its trade customers. All of the Group's trade receivables as at 31 December 2016 were within their credit terms with no default history and neither past due nor impaired.

The following is an aging analysis of trade receivables presented based on the revenue recognition date and/or invoice date, whichever is applicable, at the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**15,856**	20
31 – 90 days	**1,352**	7
	17,208	27

Included in other receivables, deposits and prepayments are amounts of individually impaired receivables amounting to HK$1,889,000 (2015: Nil) which was recognised during the year.

Movement in allowance for other receivables, deposits and prepayments

	2016	2015
	HK$'000	*HK$'000*
Balance at beginning of the year	**–**	–
Impairment losses recognised	**1,889**	–
Balance at end of the year	**1,889**	–

17. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**–**	320
Payables for purchase of property and equipment and construction costs	**24,649**	–
Gaming tax payables	**1,117**	–
Payable in respect of transfer of connection right to local electricity supply network	**12,127**	–
Accruals and other payables	**20,254**	3,222
Provision for VAT arrangements	**10,728**	–
Outstanding gaming chips	**2,963**	–
Deposits received from customers	**–**	1,925
	71,838	5,467

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**–**	–
31 – 90 days	**–**	4
Over 90 days	**–**	316
	–	320

The average credit period on purchases of goods ranged from 30 to 90 days.

The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

18. ACQUISITION OF SUBSIDIARIES

On 14 April 2016, the Group, Oriental Regent and the other shareholders of Oriental Regent entered into an amendment agreement ("Amendment Agreement") to the investment and shareholders' agreements of Oriental Regent dated 23 August 2013 ("Investment Agreement"), as amended, pursuant to which the shareholders of Oriental Regent have agreed to amend the Investment Agreement as follows:

(a) The number of directors on the board of Oriental Regent is increased from 5 to 7.

(b) The Group is entitled to increase board seats by appointing 4 out of 7 directors on the board of Oriental Regent, while the rights for the other two shareholders to appoint 1 director and 2 directors, respectively, remained unchanged.

(c) Certain reserved matters relating to relevant activities of Oriental Regent affecting the Group's variable return from Oriental Regent for which unanimous written approval of all the members of the board of Oriental Regent or unanimous consent of the shareholders of Oriental Regent is required, are deleted or amended.

The Amendment Agreement was entered into as the shareholders of Oriental Regent believe that the board composition of Oriental Regent should accurately reflect the respective shareholdings and economic interests of the shareholders in Oriental Regent and having seen the Company has successfully managed the gaming and hotel operations, the other shareholders of Oriental Regent consider that it would be beneficial to all Oriental Regent shareholders, and would improve operational efficiency, for the Company to have the control and flexibility to manage the project.

As a result of the above changes effected under the Amendment Agreement and following the appointment of two additional directors by the Group to the board of Oriental Regent which is the body delegated with the power to make decisions on relevant activities affecting variable returns, the Group obtained control over Oriental Regent which has become a subsidiary of the Group. This acquisition has been accounted for as a business combination using acquisition accounting.

As the business combination is achieved without transfer of consideration from the Group, therefore, the consideration transferred for the purpose of purchase price allocation is deemed as the acquisition-date fair value of the Group's previously held equity interest in Oriental Regent.

Further, the carrying value of the loan made to Oriental Regent of approximately HK$396,242,000 at the date of business combination of Oriental Regent on 14 April 2016 was eliminated at consolidation. The loan is discounted at an effective interest rate calculated at 11.28% per annum at inception.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Inventories	4,840
Trade and other receivables	55,626
Amounts due from related parties	15,782
Intangible assets	198
Bank balances and cash	82,470
Property, operating right and equipment	1,737,000
Long-term prepayments	13,222
Trade and other payables	(113,286)
Amount due to a related party	(640)
Obligations under finance leases	(2,699)
Loans from shareholders	(264,161)
Long-term payables	(4,732)
Provision for VAT arrangements	(21,432)
	1,502,188

Goodwill arising on acquisition

	HK$'000
Interest in a joint venture	
– Previously held interest before the acquisition *(note i)*	1,069,955
Non-controlling interest *(note ii)*	440,758
Less: fair value of identifiable net assets acquired (100%)	(1,502,188)
Goodwill arising on acquisition *(note iii)*	8,525

Notes:

(i) As the business combination is achieved without the transfer of consideration, the Group uses the acquisition-date fair value of its interest in Oriental Regent as the acquisition-date fair value of the consideration transferred for purchase price allocation and determination of goodwill. The net difference between the fair value and the Group's carrying amount of its equity interest in Oriental Regent before the business combination of approximately HK$362,464,000 together with the translation reserve of approximately HK$342,284,000 that was previously recognised in other comprehensive expenses are recognised in the profit or loss as a gain on deemed disposal of the previously held interest in Oriental Regent as a joint venture of approximately HK$20,180,000.

(ii) The non-controlling interest (40%) in Oriental Regent recognised at the acquisition date was measured at the non-controlling interest's proportion of the recognised amounts of net assets of Oriental Regent amounting to approximately HK$440,758,000.

(iii) Goodwill arose on the acquisition of Oriental Regent because the acquisition included the assembled workforce of Oriental Regent and some potential arrangements which are still under negotiation with prospective agents in respect to its rolling chip business as at the date of acquisition. These assets could not be separately recognised from goodwill because they are not capable of being separated from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

CHAIRMAN'S STATEMENT

As 2016 has drawn to a close, we now reflect on our first full calendar year of operations at our majority-owned integrated resort in the Russian Far East, Tigre de Cristal. While the year has not been without its challenges, we are pleased with the progress made thus far in the ramp up of the business at the resort and the refinement of our services and offerings.

The operations team at Tigre de Cristal has done an outstanding job of generating positive EBITDA at the property level, while maintaining stringent cost controls. Both the mass table and slots business have shown consistent stability and cover the vast majority of our operational expenses, while our rolling chip business, targeting Asian customers, has achieved substantial growth as we continue to address the underserved Northeast Asian market.

Progress has also been made by the local government on providing us an environment that is conducive to growing our business. Specifically, their promotional efforts have led to continued growth in tourism in the Primorsky Krai. They have also achieved significant progress in ongoing improvements to the local infrastructure – in particular the opening of the expressway between the airport and our property in the Integrated Entertainment Zone ("IEZ"). The government is also closer to implementing the simplified visa regime with the relevant Russian authorities indicating that international travelers will be able to utilise this scheme to enter the territory provisionally from the summer of 2017.

We now expect to maintain our monopoly position and first-mover advantage until at least 2019. Statements from other future operators indicate that they will be starting major construction on their own integrated resorts very soon. We view their commitments as further validation of our decision to build the first integrated resort in the Primorye IEZ, and we expect to open the first part of our own Phase II resort in the IEZ in the second half of 2019.

At the macroeconomic level, the second annual Eastern Economic Forum, which was held in September 2016 and attended by the leaders of the Russian Federation, Japan, and South Korea, generated significant foreign investor interest in the Russian Far East, while the Russian economy as a whole appears to have resumed its path towards growth, as evidenced by the stabilisation and gradual strengthening of the Russian ruble.

All the above factors lead us to believe that there remains significant opportunity to further expand our business in 2017. Further improvements in the local infrastructure, refinements in our service deliverables, continued growth in tourism, and our own business development efforts should enable us to see additional ramp up of Tigre de Cristal.

Last but not least, on behalf of the Board of Directors, I would like to thank our employees, shareholders, and partners for their ongoing support.

HO, Lawrence Yau Lung
Chairman and Non-Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

Group Restructuring

Discontinued operations – Trading of tiles and engineering operations products

On 14 March 2016, the Company disposed of the entire equity interest in a subsidiary which was engaged in the trading of tiles and engineering operations products.

Consolidation of the gaming and hotel operations for financial reporting purposes

On 14 April 2016, the shareholders of Oriental Regent Limited ("Oriental Regent"), a 60% owned subsidiary of the Group, entered into an amendment agreement to amend certain terms of the shareholders' agreement pursuant to which the Group has obtained additional rights to appoint two extra directors and certain reserved matters for which unanimous written approval of all the members of the board of Oriental Regent are required have been deleted or amended. As a result of the amendments referred to above, Oriental Regent would no longer be accounted for as a joint venture for financial reporting purposes and its results have been consolidated, instead of being equity accounted for, in the financial statements of the Group from 14 April 2016 onwards.

Year-on-year comparisons between figures in 2015 and figures in 2016 not considered to be meaningful

Subsequent to the aforementioned Group Restructuring, the consolidated revenue and expenses of the Group for the year ended 31 December 2016 recorded primarily the results of the gaming and hotel operations generated from Oriental Regent and its subsidiaries for the period from 14 April 2016 to 31 December 2016. The comparative figures for the year ended 31 December 2015 were, however, mainly derived from discontinued operations - the trading of tiles and engineering operations products. As such, management believes that it is not meaningful to include a narrative discussion to compare the performance and changes of the Group on a year-over-year basis.

Business Review

The Group's gaming and hotel operations are conducted through its 60% equity interest in Oriental Regent. The Group also receives a management fee income calculated at 3% of the total gaming revenue (net of rebates) generated by G1 Entertainment Limited Liability Company ("G1 Entertainment").

G1 Entertainment holds development rights on two parcels of land in the Primorsky Krai Integrated Entertainment Zone ("IEZ"), namely, Lot 9 and Lot 10. The first gaming and hotel property, known as Tigre de Cristal, is built on Lot 9 and opened for business in the fourth quarter of 2015. We are currently refining the design and construction requirements of our Phase II project on Lot 10 and expect to open the first stage of our Phase II for operations in the second half of 2019.

Update on operations of Tigre de Cristal

Since the publication of our Interim Results Announcement for the 6 months ended 30 June 2016, Tigre de Cristal has continued to ramp up its business and has maintained fairly consistent rolling chip and mass gaming business through the winter months despite some decreases in seasonal flight connectivity and the inclement weather. We expect to resume the ramp up and growth trajectory in both rolling chip and mass gaming business as the flights increase during the spring and summer months. Tigre de Cristal expects to maintain its first-mover and monopoly position as the only integrated resort in the Russian Far East until at least 2019.

The Company has maintained its stringent cost controls and optimisation of operations. Currently, more than 97% of our full time employees are local Russian citizens.

Key features of Tigre de Cristal are as follows:

- Approximately 36,000 square meters of gaming and hotel space, offering a broad range of gaming options 24 hours a day, 7 days a week, 365 days a year;

- The finest luxury hotel in the Russian Far East with 121 rooms and suites;

- Casual and fine dining in 2 restaurants and 4 bars;

- Spa and health club, karaoke rooms and a virtual golf zone; and

- A recently opened jewelry store, and we are targeting a May opening for our convenience store, cosmetics shop, and high-end diamond and luxury watch boutique.

Hotel occupancy has remained stable – weekends are at or close to 100% occupancy, and weekdays are at or close to 50%. Food and beverage covers have continued to increase in line with the optimisation of F&B offerings.

The "Cristal Broadway" talent competition held over the summer months was a rousing success and drove further increases in visitation, in particular from Russian locals. On the evenings of the competition, visitation to the mass gaming floor rose to over 1,500.

The opening of the expressway between the Vladivostok International Airport and the IEZ in late August 2016 was also a positive factor to our visitation as it decreased the travel time and increased the comfort of the travel experience from both the airport and the city of Vladivostok to the IEZ. Overseas visitors can now reach Tigre de Cristal in around 15 minutes by car via congestion-free dual carriageways from the moment they exit the Vladivostok International Airport.

Financial Review

Pro forma Adjusted EBITDA of Oriental Regent for the year ended 31 December 2016

Adjusted EBITDA is used by management as the primary measure of operating performance of our gaming and hotel operations. Adjusted EBITDA is defined as net income including adjustment for management fee payable to the holding company, depreciation and amortisation, interest, and taxes. Oriental Regent generated an Adjusted EBITDA of HK$131.5 million in 2016 (2015: HK$14.3 million) as a result of operation of Tigre de Cristal. The following table sets forth a reconciliation of the Adjusted EBITDA of Oriental Regent for the year ended 31 December 2016 to the reported profit for the year attributable to owners of the Company.

Reconciliation of Adjusted EBITDA of Oriental Regent to the Group's profit for the year ended 31 December 2016 attributable to owners of the Company as shown in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

		2016
		HK$'000
Adjusted EBITDA of Oriental Regent		**131,510**
Add:	Management fee payable to the Company	11,564
	Bank interest income of the Company	948
Less:	Company corporate expenses	(22,202)
		121,820
Contra items attributable to change in Group consolidation methodology:		
Less:	EBITDA of Oriental Regent from 1 January to 14 April 2016	(12,435)
	Share of losses of joint ventures from 1 January to 14 April 2016	(17,070)
		92,315
Notional non-cash items:		
Add:	Imputed interest income from loans to joint ventures	12,765
	Net exchange gains	2,900
	Gain on deemed disposal of interset in a joint venture	20,180
	Profit for the year from discontinued operations	2,607
Less:	Notional finance costs	(32,532)
	Depreciation and amortisation	(86,916)
	Notional share-based compensation benefits	(14,786)
Non-recurring write-offs relating to construction		(1,889)
Loss for the year of the Company		**(5,356)**
Add:	Loss for the year attributable to non-controlling interests	5,915
Profit for the year attributable to owners of the Company per Consolidated Statement of Profit or Loss and Other Comprehensive Income		**559**

Gaming Revenue of Tigre de Cristal

Gaming revenue comprises three main sources, namely, rolling chip business, mass table business and slots business.

Rolling chip business

Our rolling chip turnover has seen substantial improvement since the commencement of business in November 2015 and dramatically increased following the start of two fixed-room operators in late June 2016.

The table below sets forth the key performance indicators of our rolling chip business from the fourth quarter of 2015 to the first quarter of 2017.

	2015	**2016**				**2017 (Unaudited)**
	Q4	**Q1**	**Q2**	**Q3**	**Q4**	**Q1***
(HK$' million)						
Rolling chip turnover	570	1,335	2,121	5,648	4,977	3,457
Gross win	28	42	82	240	140	164
Less: Rebate	(13)	(24)	(46)	(158)	(106)	(118)
Net win after rebate	15	18	36	82	34	46
Daily average number of tables opened	9	8	9	13	12	12

* *The figures are only given up to 30 March 2017, the latest practicable date*

The drop in rolling chip turnover in 2016Q4 and 2017Q1 as compared to 2016Q3 was primarily due to the seasonality of our business, stemming from the stoppages of commercial flights from cities such as Shanghai and Dalian in the winter season. We expect the seasonality effect of our rolling chip business to become less pronounced over the next few years as the Russian Government's various initiatives to develop Vladivostok into a winter tourist destination start to bear fruit.

Mass table business

The table below sets forth the key performance indicators of our mass table business from the fourth quarter of 2015 to the first quarter of 2017.

	2015	2016				2017 (Unaudited)
	Q4	**Q1**	**Q2**	**Q3**	**Q4**	**Q1***
(RUB' million)						
Total table drop	1,160	1,193	1,101	1,027	947	976
Table net win	243	314	241	213	240	187
Daily average number of tables opened	25	23	22	21	20	20

* *The figures are only given up to 30 March 2017, the latest practicable date*

As seen from the above figures, mass table business has been relatively disappointing. This can be ascribed to the following two reasons:

(1) Our top 40 premium local customers account for approximately 30% of our total mass market drop. The spending power of our premium local customers has been constrained by the continuing weakness in the Russian economy as a result of the economic sanctions imposed on the Russian Federation and weak energy prices.

(2) Under the current Russian legislation, foreign banknotes are not allowed to be used for settling gaming wins or losses. Foreign currency banknotes have to be converted into Russian ruble banknotes first for the purpose of chip buying. This has discouraged a lot of our Asian customers from making sizeable bets on mass tables. We are currently lobbying the Russian Government to allow foreign currency banknotes to be used by foreign patrons for the purpose of settling gaming wins or losses.

Slot business

Our slot business primarily targets the local Russian market. The ramp up of the slots business since opening has been satisfactory. During the year, there were 319 slot machines in operation at Tigre de Cristal and the table below sets forth the key performance indicators from fourth quarter of 2015 to the first quarter of 2017:

	2015	**2016**				**2017 (Unaudited)**
	Q4	**Q1**	**Q2**	**Q3**	**Q4**	**Q1***
(RUB' million)						
Total slot handle	2,014	3,139	2,840	4,093	3,721	3,085
Slot net win	146	214	185	234	212	165

* *The figures are only given up to 30 March 2017, the latest practicable date*

Tax

No provision for taxation in Hong Kong has been made as the Group has no estimated assessable profit for both years.

G1 Entertainment has an exemption from the Russian corporate tax on profit generated from gaming operations. Gaming tax in the Russian Federation is not based on gross gaming revenue but determined by applying a fixed monthly rate to the number of gaming tables and slots. The monthly rates per table and per slot applicable to the Group are currently RUB125,000 and RUB7,500 respectively.

As for non-gaming revenues, G1 Entertainment is subject to the Russian corporate tax rate which currently stands at 20%. No Russian corporate tax has been paid as the Group thus far has no assessable profit related to non-gaming.

Anti-money Laundering Policy

Tigre de Cristal is governed by the Russian Federal Law No. 115-FZ of 7 August 2001 "On Anti-Money Laundering and Combating Financing of Terrorism" (the "Russian AML/CFT Law"), which is aimed at protecting the rights and lawful interests of citizens, society and the state by means of building up legal mechanism to counter the legalisation of illegal earnings (money laundering) and the financing of terrorism. According to the Financial Action Task Force's (FATF) 6th Follow-up Report of Mutual Evaluation of the Russian Federation dated October 2013 (the "Follow-up Report"), since the adoption of the 2008 FATF Mutual Evaluation Report (the "MER"), the Russian Federation has focused its attention on updates of the Russian AML/CFT Law, which has been regarded as the main legal instrument for the implementation of the FATF Recommendations in the Russian Federation. The Follow-up Report also mentioned that the Russian Federation had focused its attention to the correction of the most important deficiencies identified in the MER.

In accordance with the provisions of the Russian AML/CFT Law, Tigre de Cristal has adopted its own anti-money laundering and combating financing of terrorism policies and the key components include: internal control systems; a special officer to oversee the daily compliance; client identification and screening; and reporting unusual transactions subject to mandatory requirements.

Liquidity, Financial Resources and Capital Structure

Equity attributable to owners of the Company as at 31 December 2016 was HK$1,196.1 million, an increase of HK$357.9 million or 43% compared with HK$838.2 million as at 31 December 2015. The increase was mainly attributable to the re-measurement of the previously held equity interest in Oriental Regent at its fair value on 14 April 2016 after the results of Oriental Regent were consolidated into the financial statements of the Group, as mentioned in the section on "Group Restructuring".

The Group continues to maintain a strong financial position with no borrowings throughout the year ended 31 December 2016, except for the non-interest bearing loans of HK$286.2 million measured at amortised cost from the non-controlling shareholders of Oriental Regent.

The Group remains conservative in its working capital management. No credit play has been allowed in Tigre de Cristal since its opening. Our rolling chip, mass table game and slot businesses are conducted on a cash basis, which removes the risk of bad debt problems. Trade receivables for the current year mainly represent outstanding amounts pending settlements by patrons undergoing necessary administrative processing and the amount has been fully settled subsequent to the end of the reporting period. Net current assets of the Group were maintained at HK$290.1 million as at 31 December 2016 (31 December 2015: HK$128.5 million).

As at 31 December 2016, cash and bank balances held by the Group amounted to HK$335.1 million (31 December 2015: HK$130.3 million), of which 42% was denominated in Hong Kong dollar, 9% in Russian ruble and 49% in United States dollar. The increase in cash and cash equivalents was primarily due to cash generated by operating activities of Oriental Regent.

The following table sets forth a summary of our cash flows for the year 2016:

	2016	2015
	HK$'000	*HK$'000*
Net cash from (used in) operating activites	**76,501**	(14,504)
Net cash from (used in) investing activites	**126,704**	(3,955)
Net cash (used in) from financing activites	**(591)**	35,493
Net increase in cash and cash equivalents	**202,614**	17,034
Cash and cash equivalents at beginning of the year	**130,276**	113,242
Effect of foreign exchange rate changes	**2,248**	–
Cash and cash equivalents at end of the year	**335,138**	130,276

Net cash from operating activities of HK$76.5 million in 2016 represents the positive EBITDA contributed by the gaming and hotel operations after the results of Oriental Regent were consolidated by the Group from 14 April 2016. Net cash of HK$14.5 million used in operating activities in 2015 represented the operating loss attributable to the trading of tiles and engineering operations products and the corporate administrative expenses.

Net cash from investing activities of HK$126.7 million for the year ended 31 December 2016 was mainly attributable to the acquisition of subsidiaries amounted to HK$82.5 million and refund of value-added tax of HK$44.8 million from the Russian tax authority. No consideration was actually transferred in the business combination. Net cash of HK$4.0 million used in investing activities in 2015 was mainly attributable to a loan granted to a joint venture engaged in the travel agency business for provision of services to the Group.

Net cash used in financing activities for the year ended 31 December 2016 of approximately HK$591,000 represented primarily the interest payment. The net cash from financing activities of HK$35.5 million in 2015 represented the proceeds from exercise of share options.

Charge on Assets

None of the Group's assets were pledged or otherwise encumbered as at 31 December 2016 and 31 December 2015.

Exposure to Fluctuations in Exchange Rates

The functional currency of the Company and its subsidiaries is Hong Kong dollar and the consolidated financial statements of the Group are presented in Hong Kong dollar.

The majority of our costs incurred by subsidiaries operating in the Russian Federation are denominated in Russian ruble. The risk of Russian ruble fluctuation impacting the results of the Group is substantially mitigated by a natural hedge in matching our costs with revenue denominated in the same currency. The Group's other monetary assets, liabilities and transactions are principally denominated either in United States dollar or Hong Kong dollar. Given that Hong Kong dollar is pegged to the United States dollar, exchange rate fluctuation is minimal and hedging against foreign currency exposure is not necessary.

Capital Commitment

The Group had no capital commitment as at 31 December 2016 and 31 December 2015.

Contingent Liabilities

There were no contingent liabilities as at 31 December 2016 and 31 December 2015.

Employees

As at 31 December 2016, total number of employees employed by the Group was 1,014 after consolidation of Oriental Regent (31 December 2015: 13). The Group continues to provide remuneration packages and training programs to employees in line with prevailing market practices. In addition to the contributions to employees' provident fund and medical insurance programs, the Company has a share option program in place and occasionally may grant shares options to directors, employees and consultants of the Group as incentives.

Outlook

While we are pleased that for the most part we were able to achieve our goal of maintaining consistent levels of both rolling chip and mass gaming revenues during the winter months, we also believe that there remain opportunities for us to further ramp up our business in Tigre de Cristal.

The existing factors that have contributed to our ability to maintain our business during the winter months and that are likely to enhance our ability to grow the business going forward are as follows:

– The opening of the expressway between the airport and the IEZ – it now takes only 15 minutes from the airport to the IEZ instead of the former 30-45 minutes.

– Maintenance of most flights from our key foreign feeder markets during the winter months and expected growth in number of flights during the coming peak summer months.

- Continued growth in tourism to Primorye and Vladivostok from key feeder markets due to the promotional efforts of the local tourism authority and the opening of Tigre de Cristal.

- Improvements made to our F&B offerings to cater for the specific tastes and price points of our local and foreign customers.

- Opening of our non-gaming amenities like the spa and karaoke, jewelry store and other upcoming retail offerings.

Other potential factors that may increase our ability to growth the business going forward are as follows:

- Continued improvement in the Russian economy – the Russian ruble has stabilised and started to strengthen, and we surmise that this will lead to increases in the discretionary spending power of local consumers and subsequent improvements in local gaming metrics.

- Further growth in foreign tourist visitation during the summer and winter months in conjunction with increased flights.

- Potential for us to accept foreign banknotes at our cage.

- Simplified visa regime is implemented in the summer of 2017 in accordance to statements made to the press by the government of the Primorsky Krai.

- Additional fixed room operators of rolling chip business commence operation in the coming months.

- Other foreign investors' planned development of non-gaming amenities like a new golf course and expansion plans of an existing nearby ski slope come to fruition.

- More lodging options in the surrounding area become available over the next several months – our sources indicate that the Hyatt Golden Horn in the city of Vladivostok is expected to soft open during the summer of 2017 and there are other resort lodgings comprising of approximately 130 rooms within a 20-minute drive of the IEZ that are also expected to come online this summer.

Above all, the maintenance of our rolling chip business and stable mass local business, combined with disciplined cost controls have enabled Tigre de Cristal to maintain the volume of our business during the winter months. The addition of more non-gaming amenities at the property including improvements to our F&B offerings, additional upcoming retail offerings in our property, improvements in the Russian economy and ongoing growth in tourism to the region bode well for the continued development of our business.

The implementation of the visa free regime, growth in foreign investor interest (in particular from China, South Korea, and Japan) and additional gaming tour operator signings should also assist in the growth of our business.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2016 (2015: Nil).

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Friday, 9 June 2017. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 6 June 2017 to Friday, 9 June 2017 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 5 June 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2016.

The Company has established an Audit Committee, a Remuneration Committee, a Nomination Committee and a Corporate Governance Committee to ensure maintenance of a high corporate governance standard. Terms of reference of the aforesaid committees have been posted on the Company's website at http://www.saholdings.com.hk under the "Corporate Governance" section.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES

The Company has adopted its own code for dealing in the Company's securities by Directors and relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company (the "Code of Securities Dealings") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"). We have received confirmation from all Directors that they have complied with the required standards set out in the Model Code and the Code of Securities Dealings throughout the year of 2016.

AUDIT COMMITTEE

The Company has an Audit Committee, which was established for the purpose of reviewing and supervising over the Group's financial reporting process and reviewing the Group's risk management and internal control systems.

The Audit Committee, made up of three Independent Non-executive Directors, met two times during the financial year. During the meetings, the Audit Committee reviewed the accounting principles and practices, the interim report and the annual report of the Group, and discussed with management the auditing, risk management, internal controls and financial reporting matters.

The Group's annual results for the year ended 31 December 2016 have been reviewed by the Audit Committee and audited by the independent auditor of the Group, Messrs. Deloitte Touche Tohmatsu.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the Company's website (http://www.saholdings.com.hk) and the Stock Exchange's website (http://www.hkexnews.hk). The 2016 annual report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course in accordance with the Listing Rules.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Ho, Lawrence Yau Lung* (Chairman), Mr. Wang, John Peter Ben# (Deputy Chairman), Mr. Tsui Yiu Wa, Alec+, Mr. Pang Hing Chung, Alfred+ and Dr. Tyen Kan Hee, Anthony+.

\# Executive Director

* Non-executive Director

\+ Independent Non-executive Director

By Order of the Board of
Summit Ascent Holdings Limited
Wang, John Peter Ben
Deputy Chairman and Executive Director

Hong Kong, 31 March 2017